

STATE OF WASHINGTON

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REPLY TO:
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B U L L E T I N

No. 78 - 7

August 21, 1978

Subject: CONDUCTING BUSINESS IN OWN LEGAL NAME

RCW 48.05.190 (1) states:

Every insurer shall conduct its business in its own legal name.

We are bringing the statute to your attention because we intend to enforce it more vigorously in the future. Too many companies have become careless in identifying themselves properly. We are particularly concerned with companies in a "group" that simply identify themselves collectively, without identifying the specific company involved in a particular situation.

We have before us a file wherein all the correspondence was carried on under a single-word "group" name. A proof of loss form was furnished bearing the name of a company in the group that was not, in fact, involved in the particular claim. Ultimately, an attorney brought a legal action against the wrong company. He was justifiably confused by the failure of the insurer to conduct business in its own legal name.

Regularly, the claims deputies and rates and filing personnel in our office are put to considerable unnecessary time and effort in determining the exact company they are dealing with.

Such confusion can be avoided easily if an insurer will comply with the law and devote reasonable attention to detail. We do not object to the identification of a company as part of a group. However, the specific company name must appear also. An acceptable approach is to identify the specific company in connection with the signature on a letter or document. Another is to list the various companies making up the group with a check mark or "X" to identify the actual company involved. The test ought to be whether a person can readily identify the legal name of the company conducting its business.

A similar area of concern involves general agents or managers. In some cases they appear to have risen above their source. From outward appearances their names have supplanted the insurance company they represent or manage and have become predominant. The company's business is conducted in the name of the general agent or manager, instead of in its own legal name as required by RCW 48.05.190.

Each insurance company must conduct its business in its own legal name, not that of a manager, general agent or holding company.

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Finally, we call your attention to another statute pertaining to name usage. RCW 48.30.050 states:

Every advertisement of, by, or on behalf of an insurer shall set forth the name in full of the insurer and the location of its home office or principal office, if any, in the United States (if an alien insurer).

We interpret the statute to require the full legal name of the company to be shown in its advertisements, together with the home office location in the case of domestic and foreign companies and the principal United States office, if any, in the case of alien insurers.

Each insurer should make sure that these laws are understood by its personnel down through the field level. We will appreciate your cooperation in gaining full compliance with these statutes.

DICK MARQUARDT
Insurance Commissioner